

MANAGEMENT DISCUSSION AND ANALYSIS BUSINESS REVIEW

Thanks to the substantial orders for High Density Inter-connect (“HDI”) printed circuit boards (“PCB”) and the gradual improvement in the operating environment commencing from December 2004 onwards, the Group’s previous investment in advanced machinery for the manufacture of HDI PCB has begun to bear fruit. The contribution of HDI PCB to the Group’s turnover and profits during the current period was particularly significant.

The Group’s turnover during the current period was about 107% higher than the last corresponding period. The percentage of the sales value of HDI PCB on the Group’s turnover for the current period and the last corresponding period was about 68% and 22% respectively. The Group’s turnover during the current period was a great leap forward resulting mainly from the fact that the Group has finally become an approved vendor for the provision of HDI PCB to its telecommunication customers from December 2004 onwards after passing through these customers’ lengthy and stringent approval process.

The Group’s gross profit percentage has improved significantly from 9.6% for the last corresponding period to 36.2% for the current period. The poor returns for the last corresponding period was primarily attributable to the sharp increase in the purchase prices of certain major raw material items such as copper foil and laminate etc., and the strategic postponement of selling price increase. On the contrary, the considerable returns for the current period was mainly due to the volume discount on bulk purchase of raw material arising from the big jump in sales orders and the fact that the Group could ask for a higher selling price for HDI PCB because there were not enough PCB manufacturers who are capable of manufacturing high quality HDI PCB for mobile phones with large volume under the requirement of short delivery time.

管理階層之討論及分析 業務回顧

從二零零四年十二月起，由於大量高密度互連綫路板的訂單及營運環境逐步地改善，本集團前期投資於製造高密度互連綫路板的先進機器已開始有成果。本期間高密度互連綫路板的銷售訂單對本集團的總營業額及溢利的貢獻尤其明顯。

本集團本期間的總營業額比對去年同期增長約107%，而本期間高密度互連綫路板的銷售價值佔本集團營業額約68%，而去年同期有關百分比約為22%。本集團本期間的總營業額有如此大躍進，主要原因為本集團從二零零四年十二月起成功地通過電子通訊客戶漫長及嚴格的審批程序，成為彼等客戶高密度互連綫路板的認可生產供應商。

本集團本期間的毛利率亦由去年同期的9.6%大幅上升至36.2%。去年同期回報不理想的主要原因是若干主要原材料如銅箔及敷銅板等的採購價大幅上升，以及策略性地延遲提高銷售價。相反地，在本期間銷售訂單大量增加的情況下，本集團大批量採購原材料獲取可觀的折扣優惠。同時，由於有能力大量製造高密度互連綫路板並能在短時間出貨的綫路板製造商十分短缺，故本集團可要求客戶為高密度互連綫路板支付較高的銷售價。亦因為以上原因，本期間本集團能獲取相當理想的回報。

The percentage of the selling and distribution costs on the Group's turnover for the current period and the last corresponding period was 17.8% and 6.5% respectively. Because the magnitude of the profits from the Group's sales orders has a direct bearing on the level of the Group's selling and distribution costs, the higher selling and distribution costs for the current period was reasonable. In fact, the selling and distribution costs have been fully reflected in the Group's selling price quotations and they have been borne by the customers indirectly.

FINANCIAL REVIEW

The Group's gearing ratio (i.e. the ratio of the Group's aggregate outstanding balances of the finance leases and hire purchase contract payables, other loans and bank borrowings to shareholders' fund) at 30 September 2005 and 31 March 2005 was 0.35 times and 0.42 times respectively while the Group's current ratio at 30 September 2005 and 31 March 2005 was 1.14 times and 1.04 times respectively. Because the Group can generate substantial net cash inflow from its PCB operating activities, these financial ratios will improve further during the second half of the current financial year.

As at 30 September 2005, the Group's aggregate outstanding balances of the finance leases and hire purchase contract payables, other loans and bank borrowings amounting to HK\$53,416,000 (31 March 2005: HK\$52,238,000) out of which HK\$24,790,000 (31 March 2005: HK\$36,604,000) were repayable within the next 12 months. These borrowings were all denominated in either Hong Kong dollars ("HK\$") or United States dollars ("US\$"), originally repayable monthly over 3 years (except for the bank borrowings totaling HK\$2,226,000 (31 March 2005: HK\$24,414,000) which were originally repayable within 3 months) and subjected to floating interest rates for about 70% (31 March 2005: 86%) of them. The Group has not adopted any interest rate hedging tool for these borrowings. Certain machinery and equipment of the Group with a net book value at 30 September 2005 of HK\$48,389,000 (31 March 2005: HK\$28,484,000) were pledged to secured these borrowings.

在本期間及去年同期，本集團的銷售及分銷成本佔總營業額的百分比分別為17.8%及6.5%。因為本集團銷售訂單中利潤的大小與銷售及分銷成本的水平是有直接關係，所以本期間較高的銷售及分銷成本亦屬合理。實際上，銷售及分銷成本已在報價時反映在銷售價中並間接轉嫁至客戶。

財務回顧

於二零零五年九月三十日及二零零五年三月三十一日，本集團的負債與資本比率(即應付融資租約及租購合同、其他有抵押貸款及銀行借款的總額與股東權益的比率)分別為0.35倍及0.42倍。於二零零五年九月三十日及二零零五年三月三十一日，本集團的流動比率分別為1.14倍及1.04倍。因為本集團能夠在其綫路板的經營業務中產生顯著的淨現金流入，故這些財務比率於本財政年度下半年內將會進一步改善。

於二零零五年九月三十日，本集團的應付融資租約及租購合同、其他有抵押貸款及銀行借款的總結欠為港幣53,416,000元(二零零五年三月三十一日：港幣52,238,000元)，當中港幣24,790,000元(二零零五年三月三十一日：港幣36,604,000元)需於未來十二個月內償還。有關借貸均以港幣或美元為結算單位、於三年期內每月償還(除銀行借款合共港幣2,226,000元(二零零五年三月三十一日：港幣24,414,000元)於三個月內償還)及當中70%(二零零五年三月三十一日：86%)以浮動息率計算利息。本集團並無因應上述借貸採用任何利率對沖工具。本集團於二零零五年九月三十日賬面淨值為港幣48,389,000元(二零零五年三月三十一日：港幣28,484,000元)之若干機器及設備已作為有關借貸之抵押品。